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Monday, December 12, 2011

The Honourable NOËL A. KINSELLA
Speaker

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(Daily index of proceedings appears at back of this issue).

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THE SENATE

Monday, December 12, 2011

The Senate met at 6 p.m., the Speaker in the chair.

Prayers.

SENATOR'S STATEMENT

THE LATE HONOURABLE JEAN CASSELMAN WADDS, O.C.

Hon. Hugh Segal: Honourable senators, Jean Casselman Wadds, the former member of Parliament from 1958 to 1968 for Grenville—Dundas, and the former Canadian High Commissioner in London from 1979 to 1983, passed away on November 25.

She was the first woman to become a parliamentary secretary, the first to lead a Canadian delegation to the United Nations and the first woman to be High Commissioner to the Court of St. James.

Jean Wadds was appointed by Prime Minister Joe Clark and served under Canada's first female foreign minister, Flora MacDonald, member of Parliament for Kingston and the Islands. She had the task of getting the 1982 Constitution Act that repatriated our Constitution and established the Charter of Rights and Freedoms through the United Kingdom Tory-dominated House of Commons and House of Lords. Prime Minister Trudeau was well-advised by Tom Axworthy, his chief of staff, to select an articulate, bright and compelling female Tory High Commissioner to lead the lobby efforts on Mrs. Thatcher and her government. She did a remarkable job, especially since the Government of Quebec and our First Nations brothers and sisters were deploying major efforts to lobby against the patriation of our Constitution.

Roy McMurtry, the late Tom Wells and I were pressed into service in London to pursue the case with Tory members of the house and the Lords under her leadership. While Mrs. Thatcher was officially supportive, she would not invest serious political capital in the venture. Many Tory MPs and Lords, not being big fans of Prime Minister Trudeau, were happy for the process to fail. It did not fail. Canada prevailed because Jean Wadds fought night and day to make sure we did prevail.

Honourable senators, we owe this remarkable woman a great deal. We were fortunate in so many ways for the service of this grounded, patriotic and determined Prescottian, who never forgot her roots, the values that nourished them and her outstanding service to Canada at such an important time in our national history.

ROUTINE PROCEEDINGS

COMMISSIONER OF LOBBYING

REPORT ON INVESTIGATION ON LOBBYING ACTIVITIES OF MR. RAHIM JAFFER AND MR. PATRICK GLÉMAUD TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table, in both official languages, a report on the investigation into the lobbying activities of GPG-Green Power Generation Corps and Patrick Glémaud and Rahim Jaffer, pursuant to section 10.5 the Lobbying Act.

[Translation]

MARKETING FREEDOM FOR GRAIN FARMERS BILL

FOURTH REPORT OF AGRICULTURE AND FORESTRY COMMITTEE PRESENTED

Hon. Percy Mockler, Chair of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Monday, December 12, 2011

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

FOURTH REPORT

Your committee, to which was referred Bill C-18, An Act to recognize the Canadian Wheat Board and to make consequential and related amendments to certain Acts, has, in obedience to the order of reference of Thursday, December 1, 2011, examined the said bill and now reports the same without amendment.

Respectfully submitted,

PERCY MOCKLER
Chair

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Senator Plett: At the next sitting of the Senate.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No

The Hon. the Speaker: Adopted, on division.

(On motion of Senator Plett, bill placed on the Orders of the Day for third reading at the next sitting of the Senate, on division.)

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Claude Carignan (Deputy Leader of the Government): Honourable senators, I have the honour to table the answer to an oral question asked by the Honourable Senator Mercer on October 19, 2011, concerning National Defence, recruitment of Aboriginals; and the answer to the oral question asked by the Honourable Senator Dallaire on October 19, 2011, concerning National Defence, the Canadian Forces.

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT

OPPORTUNITIES FOR ABORIGINAL YOUTH

(Response to question raised by Hon. Terry M. Mercer on October 19, 2011)

Recruitment, training, and retention are key priorities for the Canadian Forces (CF) and are at the heart of the Government's *Canada First* Defence Strategy, which sets out a long-term plan to grow the Canadian Forces.

The Canadian Forces are an employer of choice and reached its expansion targets ahead of schedule due to successful recruiting and low attrition.

The Canadian Forces recruited over 4,700 Regular Force personnel in 2010/11 and has grown by 2,344 personnel in the last two years.

With respect to diversity recruiting, over the last year, the CF put in place substantial efforts toward the recruiting of Designated Group Members.

For example, the CF have held many special national events involving influential speakers from visible minority and aboriginal communities and women's associations. CF recruiters have also increased their attendance at local attraction events and activities that have been held by these groups. These efforts demonstrate the enhanced importance placed on recruiting from these Designated Groups by the CF.

Through these and other efforts, the CF aims to increase awareness amongst these three Designated Groups about CF career opportunities, along with demystifying any of the false preconceptions that these communities may have about the Canadian Military.

The CF work to ensure that all new recruits experience a smooth transition into the CF. All members benefit from more flexibility with respect to career options, better career

management support and a renewed commitment to military families.

Currently, there are 3,510 members from Aboriginal communities who are in the CF, including representation in the Regular Forces, Primary Reserves, Canadian Rangers and the Cadet Organizations Administration and Training Service (COATS).

The CF continue to recruit new members, including individuals from Aboriginal communities and remain committed to retaining our highly-trained and experienced personnel.

(Response to question raised by Hon. Roméo Antonius Dallaire on October 19, 2011)

The Canadian Forces' main responsibility is to meet the country's defence needs and to enhance the safety and security of Canada and Canadian citizens. In order to accomplish this important mandate, the Canadian Forces and the Department of National Defence need to be aware of activities that can potentially undermine the Canadian Forces' ability to respond to a domestic crisis. Staying informed about various activities occurring in Canada enables the Canadian Forces to be prepared and ready to assist civil authorities should the need arise.

The mission of the Canadian Forces National Counter-Intelligence Unit is to provide security and counter-intelligence services in support of the Department of National Defence and the Canadian Forces during peace, crisis and war. The mandate of the unit includes:

- providing counter-intelligence advice to senior Defence and Canadian Forces leadership and assistance with strategic, theatre, operational and tactical counter-intelligence planning; and
- implementing counter-intelligence security activities to support the National Counter-Intelligence Program.

The Canadian Forces National Counter-Intelligence Unit prepares reports that are primarily based on information provided by other departments and agencies, including Environment Canada, Public Safety and police services. The Department of National Defence and the Canadian Forces use these reports to stay informed on any domestic activities that may be relevant to Canadian Forces operations and activities. It is crucial to note that these reports are focused on activities and not the organizations behind these activities. This means that the Aboriginal peoples are not targeted by the Counter-Intelligence Unit.

The activities of the Canadian Forces Counter-Intelligence Unit are monitored by the Counter-Intelligence Oversight Committee, which includes both civilian and military advisers. This committee ensures that the Counter-Intelligence Unit's investigations and operations are in compliance with departmental policy and Canadian law.

ORDERS OF THE DAY

BUSINESS OF THE SENATE

Hon. Claude Carignan (Deputy Leader of the Government): Honourable senators, pursuant to rule 27(1), I wish to inform the Senate that, when we proceed to Government Business after sitting in Committee of the Whole we will address the items in the following order: Bill C-13, Bill C-29, Bill C-10, Bill S-6, Motion No. 22 and Motion No. 23.

• (1810)

PUBLIC SECTOR INTEGRITY COMMISSIONER

MARIO DION—RECEIVED IN COMMITTEE
OF THE WHOLE

On the Order:

The Senate in Committee of the Whole in order to receive Mr. Mario Dion respecting his appointment as Public Sector Integrity Commissioner.

(The Senate was accordingly adjourned during pleasure and put into Committee of the Whole, the Honourable Senator Oliver in the chair.)

The Chair: Honourable senators, rule 83 states:

When the Senate is put into Committee of the Whole every Senator shall sit in the place assigned to that Senator. A Senator who desires to speak shall rise and address the Chair.

Is it agreed, honourable senators, that rule 83 be waived?

Hon. Senators: Agreed.

The Chair: I remind honourable senators that the Committee of the Whole is meeting pursuant to the order adopted December 8, 2011, which states:

That, at the beginning of Government Business on Monday, December 12, 2011, the Senate do resolve itself into a Committee of the Whole in order to receive Mr. Mario Dion respecting his appointment as Public Sector Integrity Commissioner;

That the Committee of the Whole report to the Senate no later than one hour after it begins.

I now ask the witness to enter.

(Pursuant to Order of the Senate, Mr. Michael Ferguson was escorted to a seat in the Senate Chamber.)

The Chair: Honourable senators, the Senate is resolved into a Committee of the Whole to hear from Mr. Mario Dion respecting his nomination to the position of Public Sector Integrity Commissioner.

Mr. Dion, I thank you for being with us here today. I invite you to begin your introductory remarks, which will be followed by the senators' questions.

[English]

Welcome to the Senate of Canada. You now have the floor.

[Translation]

Mario Dion, Interim Public Sector Integrity Commissioner: I am very honoured that the Prime Minister nominated me to the position of Public Sector Integrity Commissioner following a process launched this summer by the government.

As you know, the incumbent of this position is an agent of Parliament, and that is why I am here this evening: to give honourable senators an opportunity to consider me for the position and to see if they are willing to place their trust in me.

The Public Sector Integrity Commissioner is an office created in 2007 under the Public Servants Disclosure Protection Act. The office provides a safe and confidential mechanism enabling public servants and members of the public to disclose wrongdoings committed in the federal public sector. The act protects from reprisal public servants who have disclosed wrongdoing and those who have cooperated in investigations.

If my appointment is approved, my allegiance will be to Parliament and I will execute my duties of implementing the act in a completely independent and objective manner. My approach to my duties will not change from my approach since I was named interim commissioner. This is essential not only because the act so decrees but also to convey a sense of trust on the part of those who do witness wrongdoings and who must make a difficult decision as to whether to blow the whistle.

I strongly believe in the objectives of the act expressed in its preamble and I fully intend to be a key actor in giving life to its provisions in the manner intended by Parliament.

In fact, it has been only four years since the office was created as a result of the Accountability Act. It has already processed several hundred files, but its existence, its role and the inherent limitations of its powers are not well known either within the public sector or by Canadians at large. In addition, its credibility was seriously undermined last December when the Auditor General's Report was published, describing the office as being inadequately organized and questioning the reliability of its decision-making processes.

[English]

As interim commissioner over the last 12 months, I think I have taken the appropriate measures to increase the office's effectiveness and thus improve its image and especially its

credibility. As interim commissioner since December 20, 2010, I have taken on three essential priorities in order to re-establish harmony in the office and to cultivate its credibility.

First, following a competitive process, I retained the services of an independent consulting firm, Deloitte, to review each of the 228 files that had been processed by my predecessor since the office's inception to ensure that the relevant provisions of the act had been properly applied. It was important to act quickly but rigorously to re-establish confidence.

By March 2011, Deloitte confirmed to me that a third of the files contained deficiencies and disclosures needed to be rectified. We kept the complainants and disclosers of wrongdoing informed at every stage of the process and clearly explained to them why their files would or would not be reopened. We should be able to complete all six new investigations that have been ordered on some of these files, as well as 17 admissibility reviews, which will be conducted in the near future. Detailed results of the review process have been and will continue to be published on the web periodically while maintaining, of course, the confidentiality of the complainants and disclosers as required under the act.

My second priority was to solidify the capacity to deal with cases by fully staffing the office with qualified individuals and providing it with key management tools to ensure that the work is carried out in a way that is consistent with the act and in a timely manner.

We have now implemented a modern management structure, clearly defining the responsibilities of each staff member at every stage of the process. We have also adopted a policy and procedures manual, which is key in training, ensuring all operational staff are provided with guidance as to how to review the admissibility of complaints and disclosures and to conduct investigations in a manner consistent with the act.

We have more than doubled the number of staff directly involved in case analysis and investigations by realigning resources and making full use of our salary budget. We have explored a number of alternative approaches to reduce red tape and streamline our process. We are making full use of a recently revamped case management system, allowing the deputy commissioner and me to track the progress of each file in real time.

[Translation]

I am pleased to report that, in spite of a marked increase in incoming cases over the last year, we did not accumulate a backlog. We are constantly improving towards our goal of completing the analysis of incoming cases according to newly adopted service standards requiring that admissibility reviews be completed within 45 days in the case of disclosures of wrongdoing in addition to meeting the statutorily mandated 15 days applicable to allegations of reprisal.

Finally, in order to re-establish dialogue with our key partners, I have established a permanent advisory committee composed of the three NGOs directly interested in the work of our office; the two largest public service unions, including the Public Service

Alliance of Canada; as well as representatives from the Association of Professional Executives of the Public Service of Canada, the Treasury Board Secretariat and the special tribunal created by the act. I am convinced that the dialogue with our partners is now reopened and that the quarterly meetings will ensure ongoing consultation and feedback on a number of important issues, including a new initiative I launched concerning the development of decision-making policies.

• (1820)

Our greatest challenge continues to be how to respond to criticism that no case of wrongdoing has yet been the subject of a case report to Parliament and that too few cases have been referred to the tribunal. All I can say at this stage is that out of the 115 files currently active, 35 are the subject of a full-fledged investigation. This is two and a half times more than at the end of 2010, when there were 14 files.

Because the role of the commissioner is to reach a conclusion as to whether the alleged wrongdoing has taken place or whether there are reasonable grounds to believe that reprisal action has been taken, only in light of the findings reached through the investigation, I cannot prejudice the result of any specific investigation.

It is nevertheless fair to say that a number of cases will likely be brought to the fore in the course of 2012. My role as an independent agent of Parliament is to investigate and determine whether each case is founded on its merits, not to reach a certain quota.

I can assure you that, like our critics, I am eager to bring valid cases to the attention of Parliament or, in the case of allegations of reprisal, to refer them to the tribunal, which I have already done on two separate occasions in recent months.

[English]

I am convinced that my extensive experience in the federal justice sector will continue to help me with the type of leadership I hope to continue to provide the office. I believe in the mission conferred on us by the act. I fully appreciate the importance and potential of the Office of Public Sector Integrity Commissioner. I know I will be able to process cases objectively by applying my legal training.

I would like to assure you that there is no risk that my knowledge of the federal administration will make me partial to senior management, but, rather, it will give me knowledge of the culture within which the alleged acts could have taken place.

I ask you to place your trust in me and to allow me and my team to fully implement the act over the next seven years.

If Parliament approves my appointment, I intend to pursue a number of key priorities that are consistent with and in furtherance of the same objectives of accessibility, through accessibility, competence and accountability. I have already alluded to my determination to develop policies to guide decision-making by the commissioner in order to demystify how the decisions are made and allow potential disclosers and

complainants to better understand what the office can do for them and what our limitations are. Considering how difficult it is to come forward and blow the whistle, I will also be looking at concrete ways to better assist public servants and members of the public.

I am confident that it is by learning the lessons of the past and implementing such concrete steps that we will finally succeed in providing what Parliament anticipated in 2007.

Thank you very much for your attention. Mr. Chair, it would be my pleasure to answer any questions that your colleagues may have for me.

The Chair: Thank you very much for that excellent overview. There are a number of senators who would like to pose questions to you. Perhaps I could start with the first question.

You said that you were the interim commissioner for about a year and, when you started looking at the files, you found that one third of the files that you inherited had deficiencies. I would like to know if you could tell us whether they were substantive deficiencies or clerical errors. What types of deficiencies did you find in 33.3 per cent of the files you inherited?

Mr. Dion: Seventy files out of a sample of 228 did contain at least one deficiency at some level, ranging from the purely clerical to the very substantive.

The number one problem was the fact that in many files, not all of the allegations were properly analyzed and studied, and the reasons given to the complainants did not adequately address each and every allegation. That was a common aspect of the defective files.

We also had some situations where the decision was not properly documented, which is a very serious requirement whenever you make a decision affecting people's rights, namely, to have a complete set of reasons as to why the case would be granted or not granted.

However, there were also purely administrative matters, such as one document not having been included in the file. This was the lowest on the spectrum of deficiencies. The highest was a case being rejected on the basis that the office had no jurisdiction and that was clearly an error involving an agency that is part of the federal sector, but was thought to be outside of the federal public sector, therefore, essentially removing any possibility for the complainant to disclose.

I hope this answers your question, Mr. Chair. I do not have additional details with me, but that is the full range.

The Chair: Thank you very much. The first question will be from Senator Tardif.

[Translation]

Senator Tardif: Mr. Dion, welcome to the Senate of Canada. The selection process to staff this position was conducted while you were the interim commissioner. Did you apply for the position or were you approached by a head hunter?

[Mr. Dion]

Mr. Dion: I participated in the process and I applied after being approached by the firm managing the competition in question.

Senator Tardif: The selection criteria for the position indicate that proficiency in both languages is essential. When you were approached by the head hunter, was the extent of your bilingualism verified?

Mr. Dion: When I first read the ad I agreed with the fact that bilingualism is essential because I had had the opportunity to do the work of the position.

I do not know how my bilingualism was verified. I was asked questions in French. In fact, a good part of the interview — perhaps 30 per cent — was conducted in French. Naturally, my employment history in the public sector can be easily verified and I received an exemption in 1981.

[English]

Senator Tardif: I understand that, in your time as interim commissioner, approximately 400 complaints have been filed with the Integrity Commissioner's office. You did not find a single case of wrongdoing among those 400 and only two cases of reprisal have been referred to the Public Servants Disclosure Protection Tribunal. Some have suggested this record is not encouraging to those who seek strong federal accountability. Could you comment on that?

Mr. Dion: Yes, indeed. We currently have 115 active files on which a conclusion has yet to be reached out of the 400 that were mentioned. A final determination has not been made in respect of 115 files. We currently have 35 active investigations, which will mathematically lead to it being foreseeable that a certain number of cases will be found to be well-founded, strictly from a mathematical point of view and also from the knowledge I have of the content of some of these files.

We have a number in the pipeline, and I anticipate that will lead to a favourable conclusion insofar as the disclosures are concerned in the coming months.

I would observe that in the United States, at the federal level, according to literature I have read recently, out of 20,000 complaints, only 400 were found to be well-founded. If the U.S. is any indication of what a ratio could be, they had a large sample of 20,000 complaints and only 400 were found to be well-founded.

As I said in my opening remarks, of course, we do not function on the basis of any quota or any objective. We do a case-by-case review, and we try to reach the conclusion that is fair to both the discloser and the institution. There are always two parties in every file, basically. Our job is to determine, essentially, whether there are reasonable grounds to believe that the reprisal actions have taken place or whether a wrongdoing has occurred. I am confident we will have many more than two cases next time next year.

Senator Tardif: The current legislation outlining the mandate of the Public Sector Integrity Commissioner is up for statutory review next year, in 2012. It has been suggested that the current legislation is poorly crafted and provides all kinds of reasons for the commissioner to reject cases.

• (1830)

Given that not a single case of wrongdoing was found in the 400 cases you have examined in your interim role, as I mentioned earlier, can you identify any specific modifications to the legislation that you think would help make the office and yourself, as commissioner, more effective?

Mr. Dion: We have already started to work on preparing a position paper for the permanent commissioner when the review is convened by the President of the Treasury Board, as required under the act.

A number of sections come to mind. For instance, section 34 limits the action of the Public Sector Integrity Commissioner within the public sector in terms of what we can investigate and obtain information on. That section is a potential area for proposed reform as it has acted as an obstacle in our efforts to pursue the facts in a number of cases.

It would be premature for me to make too many observations except to add that many of the sections that the honourable senator is talking about are permissive sections that the commissioner may use. Each commissioner may have a slightly different approach in each case. The number of occasions on which some subsections have been used is different from what I intend to do in exercising my role in the manner that I think would be appropriate.

The commissioner may refuse to apply "if;" or the commissioner may decide not to refuse to apply the word. More and more I have decided to do that.

Senator Tardif: Your career as a life-long public servant gives you a wealth of experience to draw upon in your role as the commissioner, but some have suggested that this is also problematic in that you are a career insider who will now be in a position where you will be asked to investigate your former colleagues and friends. Do you anticipate finding yourself in a position of conflict of interest in your new role as a result of your long career in the public service? How would you respond if you do find yourself in a position of conflict of interest?

Mr. Dion: First, the circle of friends that you develop in the senior public service may not be as large as one may imagine. Second, I find that with the passage of time my friends are leaving one after another.

Having said that, it has already happened on three occasions during my interim mandate that upon becoming aware of a file I indicated to the office that I would not be in a position to make a decision, play any role or express any view on those files on the basis that, although I was not necessarily friends with the applicant, I was concerned about an appearance or apprehension of bias, and I guarded against involving myself. I am very conscious of those dimensions. Legal training is useful that way.

The deputy commissioner can exercise all the powers that the commissioner can. In those instances, I did not hesitate to recuse myself and ask the deputy commissioner to handle those files, without giving any indication of a direction that I would like them to take.

It has happened and it will happen again, but the ratio has been less than 2 per cent until this time.

Senator Tardif: Mr. Dion, I believe that when you came into office as the Interim Public Sector Integrity Commissioner the Office of the Public Sector Integrity Commissioner was tarnished. Could you tell us what steps were taken and are being taken to restore confidence in the office throughout the organization, amongst your staff and amongst Canadians at large?

Mr. Dion: When I was appointed in December of last year, my first priority was a total review of files by a completely independent third party. We went to the well-known private sector firm Deloitte. They used criteria that we developed to determine whether there were deficiencies in any of these files. I then hired two people who had never worked with the office in any way, shape or form to recommend to me a course of action with respect to each file on which there was a deficiency identified.

In that way we were able to take a complainant-driven approach that was determined file by file rather than a cookie cutter approach, because each case was different, including in the passage of time, which was a considerable difficulty in finding a just solution.

I met with the staff within hours of my appointment. Having read the Auditor General's report, I thought that upon entering the office I would be looking at something that resembled Hiroshima, but that was not the case. I saw a group of 19 people who were going through a difficult time, but who struck me as being committed to the work of the office. This is a very small office compared to some that I have managed in my past career, for example in the Department of Justice with the Indian residential schools files, and so on.

My door is open; I mean it. One person who came to see me in confidence was unhappy vis-à-vis scars left by the former commissioner or former management. Everyone else has adapted well to the situation. Today the office is composed of 35 people, 17 of whom were not present in December of 2010.

Life has gone back to normal. They were, by and large, competent people who were going through a very difficult period, considering what their leader was going through, and it was possible to re-establish some normalcy.

The third and last thing I did was to have a one-on-one dialogue with each of the three NGOs who have a direct interest in the office; Fair, Canadians for Accountability and Democracy Watch. I thought the bridges had been burnt with my predecessor and I wanted to do my own assessment of the situation. I promoted through transparency to the extent that the act allows me to do that, because there are very clear confidentiality provisions.

I met with Mr. Hutton, Mr. Cutler and Mr. Conacher separately on several occasions and decided to establish a permanent advisory committee composed of them, as well as

the people I mentioned in my opening remarks, to foster an ongoing, open dialogue about what the office is doing, can do, and cannot do, because we have some very serious limitations in the act.

The last few days have indicated that my mission has not been completely successful vis-à-vis the NGOs. However, I continue to believe that this is the way to operate, to establish an avenue to explain decisions that are being made and to justify the decisions to the best of my ability, again against the very serious obstacle of complete confidentiality in the facts of the case. It is a difficult balance to achieve.

I hope this answers your question.

[Translation]

Senator Segal: Mr. Dion, welcome to the Senate of Canada. I thank you for your statement, for answering our questions and for accepting the appointment to a position that is not easy and is certain to pose some serious challenges.

[English]

I want to ask you about the Catch-22 problem that your job, by definition, brings with it; namely, if you do not find a lot of things to complain about, if you do not justify a lot of the whistleblowers who come to you and raise, under the provisions of your act, serious allegations against senior members of public service management, the media and others will say you are just not doing your job. It does not matter what the numbers are, there will always be someone who says you should have done more. It is in the nature of the beast a little bit.

Second, if you decide to apply the judicious judgment that is implied in the act about presumption of innocence on the part of senior management, about sorting out vexatious complaints that are not substantive, and about allowing senior public servants who may be misrepresented in an allegation to benefit from the principles of natural justice, then of course you will run into other kinds of difficulties by definition.

I would be very interested, as I am sure my colleagues would, in how, with your long history at the Parole Board, the Department of Justice and elsewhere, you see yourself managing that Catch-22 problem in a way that, first, responds to the exigencies of the law, and second, respects the fact that there is a difference between a mistake made in good faith by a public servant and something that has gone horribly wrong for reasons that do not relate to good faith.

Any advice you could give us on how you intend to proceed would be of immense value.

• (1840)

Mr. Dion: As I have indicated on a few occasions already, my approach is to take a case-by-case approach, not to try to establish a general *modus operandi*, because each case is different. One of the assertions I would like to rectify — I am one of the few people who actually has a knowledge of the caseload, and very

few people know about the substance of these cases — is that it is not always senior management that is accused of wrongdoing or reprisals; sometimes it is pretty junior management. Very often it is not what I call senior management. That is one thing to correct, I think.

I want to exercise some empathy with the people who come forward. It is a very difficult thing to come forward and disclose wrongdoing. It is very dangerous, and it is felt to be very dangerous. Some people are suffering psychological damage as a result of coming forward. I want to develop real ways in practice. Not me, because I am the decision maker, but I want to have someone in the office who is not involved in decision making actually provide real assistance to disclosers in expressing what they are trying to convey when they first come to us with a general inquiry. Just sorting out your thoughts is sometimes not easy when you are in a state of stress, so I want to give them real assistance in a way that the decision maker is not involved in — to sort that out, show some empathy, make sure that we also provide adequate legal assistance under the act to both the discloser and, in the case of reprisal, the person against whom the allegation is made, so there is as much fairness as we can create in relation to each file.

We will make use of the provision in the act which allows us to resort to conciliation in reprisal cases. It has been virtually unused. We are using it for the first time in two cases at this point in time. It is an approach that, at least in those cases that are suitable, removes the parties from a purely adversarial situation into one in which dialogue can actually take place.

Those are some methods that we have started to use, and I intend to systematize many more to try resolve those cases in a humane fashion, but in a way, however, that is rigorous and professional. It is very important to exercise rigour in each and every file. It is a mini court, essentially. We have to come to an independent conclusion on the basis of facts, but we can do that while extending assistance as long as it does not interfere with decision making *per se*. It is a fine equilibrium and a very difficult task indeed.

Senator Segal: As a supplementary question, as you will know from the literature in New Zealand, Australia, the United Kingdom and Canada on the trajectory of officers of Parliament whenever Parliament creates, by law, a role to be performed by an officer of Parliament, Parliament's ability to provide meaningful oversight and supervision for what the officer does has been often found to be problematic, through no fault of the officer but just because of the nature of what parliaments do and the officer's workload. What would be the optimum relationship between you and the Parliament of Canada, pursuant to your act and pursuant to our responsibility, to have some oversight on your activities on our behalf?

Mr. Dion: The act calls for an annual report, which I think is a good frequency. It is not infrequent. A year is a good cycle at which to take some collective time to analyze what has happened in the previous year. Under the act, at any time, on any issue that cannot await the production of the next annual report, I am always free to table a special report to Parliament. That is an adequate tool that I do intend to use, if necessary.

[Mr. Dion]

On an annual basis, or a slightly more frequent basis, I would be called to account. That is one way of making sure that I remain honest in being an effective agent of Parliament. I am working for Parliament; Parliament is not working for me. I think it is healthy to have, from time to time, a rigorous review of what is happening and what actions have taken place, and to hear also what parliamentarians think of the performance of the office and of me.

Senator Marshall: Mr. Dion, thank you very much for being here this evening. When you were talking about the office, you spoke about the Deloitte review and the Auditor General's report. You spoke about the 221 files, and I think you said there were 70 of those that you were continuing on with. Could you give us some idea as to how long it will be before you can bring those to a successful resolution?

Mr. Dion: I think in the first half of 2012, by June 30, we should be in a position to have concluded our work in six investigations that have been convened into some six of these files, and 17 cases of admissibility reports that have to be produced. This is subject, of course, to availability. Sometimes one of our difficulties is the complainant or the respondent is not available, reachable or cannot provide us with the information we are looking for. Subject to that, I am confident that, in the first six months of 2012, we should have completed that.

Senator Marshall: You were indicating that you were keeping the caseload current and that there was no backlog. Could you give us some idea of the volume with regard to the annual cases that would come to your office each year?

Mr. Dion: *Grosso modo*, in any given year, the annual average is about 75 disclosures of wrongdoing and 25 files involving allegations of reprisals. It has been relatively constant up until six months ago. We have had a marked increase, 40 per cent. Annually, that figure would be 100, but I do not know whether this will continue to be the trend. I expect that the current efforts by the government to contain the deficit, if thousands of public servants are affected, might result in an increase in the number of complaints. It is possible.

Senator Marshall: Do you track your caseload as to the average length of time that it takes to conclude a case?

Mr. Dion: Yes, we do have detailed statistics about that.

Senator Marshall: Could you give us some idea as to what time frame we are looking at?

Mr. Dion: We have recently adopted a rule whereby, within 45 days, in the case of disclosures of wrongdoing, we will decide whether or not the case is admissible. In the case of allegations of reprisals under the act, the commissioner has only 15 days to decide whether to convene an investigation or whether to reject the case. We will stick to those deadlines.

Senator Marshall: Would you be reporting on your compliance with those standards that you have imposed on yourself?

Mr. Dion: I intend to do that in the next annual report to be tabled no later than June 30, 2012.

Senator Marshall: I think you have probably answered this when you were answering another question, but given the history of the office — and the office has had a difficult history — do you think the use of the act will increase or decrease over time?

Mr. Dion: It has increased since the last year, which was somewhat of a surprise, because I thought there would be an important loss in credibility, but people are coming to us more than they used to.

If my appointment is approved, I intend to send out a bulletin to indicate what we have done in the last year and where we intend to go in the foreseeable future to try to bolster a sense of greater confidence than may have been the case, which would naturally result in some increase. My goal is to make the act accessible to public servants and members of the public and to ensure that the office is known. It is not currently known. I would venture to guess that 80 per cent of public servants barely know we exist, let alone understand our precise mandate.

My goal is not to quadruple the number of cases; my goal is to ensure that people can avail themselves, if indeed they have witnessed a wrongdoing or they are the victim of reprisal.

I am almost certain that there will continue to be increases in our workload as time goes on. My job is to ensure that we have adequate people and systems in place to deal with that workload when it does materialize.

Senator Cowan: Mr. Dion, welcome. I want to follow up on a question that my friend Senator Segal asked you about the difficulty of satisfying the expectations, if you will, of those who might complain and those who might be complained against. You have talked about how you have reached out to the three organizations, and, in response to Senator Marshall, you talked about some of the other steps that you are taking.

• (1850)

Could you tell me more about how you will be communicating the importance and the openness of your office to those who are in the public service now? You did talk about those who are outside, the three agencies, the three NGOs. There are the parliamentarians, the media folks and other commentators. However, for those who are most affected, those who might have a legitimate complaint and those who might be complained against, how do you intend to reach out to them and re-establish what I think you would agree was a broken relationship?

Mr. Dion: We recently conducted focus groups with public servants. We went to five cities with 10 groups of 10 employees in each group to find out more about what they did and did not know about the office and what they would consider to be the best way to reach them. I will soon have the results of those focus groups, involving 100 public servants — some at the management level and some who are not managers.

We have to take a practical approach because this is a small office. We have very limited resources to devote to outreach.

The bread and butter of the office is the actual handling of the cases that we do have. Therefore, we must make choices as to what is the biggest bang for the buck, essentially. Where should I go and speak? What kind of brochures should we have? What about our website? We do have some money, but we have to make choices because the sky is not the limit and it must be done in the most efficient manner possible.

I have already seen a preliminary report and we will have some good cues from the clientele as to how to better reach them.

Senator Comeau: A number of parliamentary officers have taken to referring to their roles as agents of Parliament rather than as officers or commissioners.

[Translation]

The term in French would be “agent.”

[English]

In English, “agent” takes on a very specific meaning, as far as I know, in that you are acting on behalf of someone else; you are acting as the agent. Have you had an opportunity to review this expression that the commissioners have started calling themselves and whether we, as parliamentarians, can even hand over our constitutional responsibilities to those agents. Have you given this any thought?

[Translation]

Mr. Dion: I have attended, for the first time in my career, periodic meetings between agents of Parliament and certain officers of Parliament, such as Ms. Dawson, the Conflict of Interest and Ethics Commissioner, who is an officer of Parliament and not an agent of Parliament.

[English]

As the honourable senator said, the word “agent” is a word used in common law that we designate in civil law as “le mandataire,” that is, someone who acts on someone else’s behalf.

Based on what I have read and heard from colleagues who have more experience in the circles of agents of Parliament than I do, I am clearly an agent of Parliament. The act is full of references to the fact that I only report to Parliament. When a wrongdoing is found, I have to table the case report in Parliament; I do not go anywhere else. I have a duty to make an annual report to both the Senate and the House of Commons. It is clear that I am an agent of Parliament. I do not think there is any grey zone involving this particular office.

Senator Comeau: You are saying that we have given you, through the act, part of our constitutional responsibility to act as our agent, rather than to act as an officer?

Mr. Dion: If my appointment is approved, of course.

Senator Comeau: I would be handing you my constitutional responsibilities, then.

[Mr. Dion]

Mr. Dion: I do not know about that. I have never studied that matter, but there are experts on the Hill; I know that.

Senator Comeau: You are saying that you will become an agent. I think you are equating the word “agent” with “mandataire,” “mandated.”

Mr. Dion: Yes, to act on someone’s behalf.

Senator Comeau: This is very interesting.

Mr. Dion: However, not to usurp that person’s power. Those powers are only delegated; they can be removed at any time.

Senator Comeau: In the meantime, we would be delegating to you our powers and responsibilities as outlined to us by the Constitution of Canada. We are handing over these powers to you.

Mr. Dion: In the very narrow sphere prescribed by the act, of course.

Senator Comeau: One last question.

[Translation]

Do you have immunity if someone wants to sue you?

Mr. Dion: Section 50, 51 or 52 of the act provides us with immunity, both at the civil and criminal level.

Senator Comeau: Are you saying that if you said something that might hinder an individual’s career, without prejudice of course, by mistake, that you would not be liable?

Mr. Dion: That is how I understand that section.

The Chair: If there are no other questions, is it agreed, honourable senators, that the Committee of the Whole rise and that I report to the Senate that the witness has been heard?

Hon. Senators: Agreed.

[English]

The Chair: Honourable senators, I know you will want to join me in thanking Mr. Dion. Thank you, Mr. Dion.

The Hon. the Speaker: Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Donald H. Oliver: Honourable senators, the Committee of the Whole, authorized by the Senate to hear from Mr. Mario Dion respecting his appointment as Public Sector Integrity Commissioner, reports that it has heard from said witness.

KEEPING CANADA'S ECONOMY AND JOBS GROWING BILL

THIRD READING—DEBATE ADJOURNED

Hon. Irving Gerstein moved third reading of Bill C-13, An Act to implement certain provisions of the 2011 budget as updated on June 6, 2011 and other measures.

He said: Honourable senators, I rise today to speak on third reading of Bill C-13 the Keeping Canada's Economy and Jobs Growing Act.

Bill C-13 continues the Conservative government's commitment to a low tax plan that promotes employment and economic growth. Winston Churchill once said, "Attitude is a little thing that makes a big difference."

I can report that the attitude of members of the Standing Senate Committee on National Finance during its study of Bill C-13 was always positive. Over the course of our study, the committee heard from over 40 government officials, roughly a dozen witnesses and one minister of state. Although not all witnesses were in agreement with all of the details of Bill C-13, they all still urged immediate passage.

I quote Ms. Susan St. Amand, Chair of the Conference for Advanced Life Underwriting, who said:

We think it is quite appropriate that the government proceed with passing this budget bill. However, we would like to ask the committee to strongly urge the Department of Finance to consult with CALU and other interested parties to see if additional regulatory changes could be made to address the unintended consequences the new provision might have on taxpayers.

• (1900)

Honourable senators, the government has been clear that going forward it will continue to discuss the issue with all interested groups and continue to dialogue with those who may have concerns. As Shelley Glover, Member of Parliament for the riding of Saint-Boniface and Parliamentary Secretary to the Minister of Finance, said in committee when the other place began its study of Bill C-13:

Anyone who wants to continue to discuss this, there is certainly an open dialogue that is going to continue with the members from the Department of Finance.

Honourable senators, when I spoke at second reading, I mentioned that dark clouds continue to hang over the economic skies of Europe and the United States. Now more than ever before during these troubling economic times we must stay our course and continue the implementation of the Economic Action Plan with passage of Bill C-13.

In closing, as the holidays draw near, I refer to Churchill's 1941 Christmas message, which I found most timely, and quote but a few lines:

Let the children have their night of fun and laughter. Let the gifts of Father Christmas delight their play. Let us

grown-ups share to the full in their unstinted pleasures before we turn again to the stern task and the formidable years that lie before us. . . .

With that, honourable senators, I commend to you passage of Bill C-13 and wish you all a happy and joyous holiday.

Hon. Joseph A. Day: Honourable senators, first permit me to thank the Deputy Chair of the Standing Senate Committee on National Finance, Senator Gerstein, and through him, on my own behalf, to thank all of the members of our committee for the fine work they have done with respect to the finance bills and report that are before us. This and the next two items will be finance-related matters, and we tend to have this grouping of finance matters happen at different times of the year.

This is third reading of one of those matters, Bill C-13, which is entitled, as Senator Gerstein has indicated, An Act to implement certain provisions of the 2011 budget as updated on June 6, 2011 and other measures. I will refer later to the "and other measures," but it is important for honourable senators to keep in mind that this budget implementation bill that is before us and that comprises 644 pages is not only budget matters but other matters as well. That is one of the issues that we have had in the past, and it is important that we repeat so it is heard by the government.

We had four days of hearings, honourable senators, with respect to this particular bill. It is the second budget implementation bill to be dealt with by this chamber. The first was in June of this year.

This Senate does not vote on budgets. Unlike the House of Commons, we do not vote on the budget, per se. What we do vote on are the budget implementation bill, supply bills and other items that arise out of the budget that need approval. There are certain permanent statutory matters that have their own funding in them. There are other matters that the government elects to proceed with by way of statute, and that is budget implementation. That is statutory.

Then there are items that are dealt with on an annual basis by way of an estimate of how much money the government needs to achieve its purpose, and that is a supply bill. We will be dealing with that a little bit later on.

Roughly two thirds of what the government needs in a year comes through statutory approvals. This chamber is asked on all statutes, including finance statutes, to deal with those bills as they come along and to apply the Senate's overview to those bills, which I submit to you is somewhat different from the way the House of Commons proceeds. However, they are bills that the government needs in order to achieve its policy purposes and, therefore, they do take on a bit of a different type of importance as a result and are handled in a somewhat different manner.

Honourable senators, last year, with the combination of the statutory matters, the estimates and the supply bill combined, the government spent roughly \$267 billion. This year, we do not yet know what the total amount will be, but it is the Minister of Finance's indication and hope that we will spend roughly the

same, about \$270 billion. That, of course, cannot be fully predicted or determined until the end of the fiscal year, and we would anticipate, honourable senators, another supply, which would be the third supply for the year. That would typically come in February or March when we return. We do not anticipate another budget implementation bill, but one never knows; that certainly is possible.

Given the predicted amount of expenditures for the year of \$270 billion, that would result in a deficit of approximately \$31 billion. That would be an accumulated debt, year after year of deficit, of \$581 billion. The interesting point is that the highest accumulated debt that Canada has ever had in the past was just after the era of the Brian Mulroney government, and that was \$560 billion.

Honourable senators, as of the end of March of this year, we will be setting a new record for Canada in terms of accumulated debt.

Senator Dallaire: The regime sets a record.

Senator Day: Honourable senators, that is approximately \$100 billion more than in 1993 and 1994 when interest rates were higher than they are today. The cost of servicing the debt was \$40 billion. The cost each year of paying the interest on the amount that we, as a country, owed was \$40 billion. This year, it is \$100 billion more. That is 20 per cent more than in 1993-94. If interest rates were significantly higher or even back to something like they were 10 years ago, we could anticipate paying \$50 billion in interest on our debt right now. We are only paying \$30 billion because of the extremely low interest rates.

The reason I am giving honourable senators these figures is because I think it is extremely important for us to recognize that there is a bit of a free ride going on here with low interest rates. What if those low interest rates start picking up with an accumulated debt higher than \$100 billion more than it was when we were paying \$40 billion? Notwithstanding the assurances given during the election campaign that we would be into a balanced budget by 2014, it has just been announced by the Minister of Finance that that will not happen now until at least 2015-16 or 2016-17 at the earliest, which was the latest statement on the update of the financial statement.

• (1910)

That is another hundred. According to the Parliamentary Budget Officer, honourable senators, that would result in another \$100 billion of debt accumulated. We are now tied with the worst we have ever been, and that will add another \$100 billion.

Honourable senators, the cost of servicing that debt will be somewhere around \$60 billion a year. Imagine the things that we could be doing. Imagine the health care that we could be providing. Imagine the infrastructure that we could be buying with those kinds of funds, if they were available to us and they did not have to be used for the purposes of servicing an accumulated debt.

Honourable senators, I want you to keep that in mind as we look at the deficit rolling around each year; keep in mind that some day we or our children will be paying for that debt.

Honourable senators, I referred you to the title, which says, "and other measures." Generally, we have taken the position in Finance of providing an observation, but we did not this year because it looked like possibly the government had heard us.

You will recall that, two years ago, one of our observations was it could not continue whereby the budget implementation bill becomes an omnibus bill for everything, and everyone who finds something to throw in there. There is some of that in here however, and I will make reference to it specifically when I go through the act. However, it is not nearly as extensive and not nearly as egregious as in some of the bills under the Budget Implementation Act that we have seen in the past. However, it is still there. Hopefully, the government is slowly weaning itself and the administration from this tendency.

One of the National Finance Committee observations in 2009, Observation No. 3, outlined the options that the Senate should consider if the government continues to make omnibus bills out of budget implementation bills. One was to split the bill into coherent parts and deal with them separately, allowing committees to do their job properly; or separate all non-budgetary provisions and proceed to consider only those parts of the bill that are budgetary; or defeat the bill at second reading on the grounds that it is an affront to Parliament by way of reasoned amendments; or establish a new rule in the Senate prohibiting the introduction of budget implementation bills that contain non-budgetary measures.

We are dealing with an amendment to the rules at the present time, and we may, honourable senators, want to consider that point.

What I would like to do next is refer you to a few of the matters that are in the bill. I did not speak to this bill at second reading because that is when we deal with a bill in principle. In principle, this is a budget implementation bill, or should be, and I have just made the point as to the principle that it should be so restricted. I will spend some time talking about some of the 22 parts that appear in this bill.

One part deals with income tax, but it also deals with income tax regulations. Typically, a bill is passed, and then regulations come along and go through a separate process. However, we are told by those who appeared before us that in order to get the regulations passed quickly, they put regulations in the statute, which is contrary to all the systems that we have set up to deal with regulations, Scrutiny of Regulations, the joint committee of the House of Commons and the Senate. It is also, I submit to you, difficult to amend a regulation that is passed by statute as opposed to going through the regulatory process. How does a regulatory process amendment amend a statutory regulation? It is a practice that we will want to look into, honourable senators, to ensure that this is not something that should be stopped. We did not have a chance or the time to do that at this stage, but what we did do is make note of it, and I think that is a start in making the list of the items that are important for us to keep in mind to follow up on at another occasion. One of the good things about the National Finance Committee when it faces this particular kind of problem is that we do come back to the issues through the estimates and through budget implementation. The items tend to repeat themselves, and we can ask more pertinent and penetrating questions on occasion.

Honourable senators, one of the initiatives in this bill, although there is a series of them, under tax relief, is non-refundable tax credits. "Non-refundable" means that you must be paying tax or you do not get them. "Non-refundable" means that if you pay a low amount of tax — and there are many people in Canada who are not in a position to be paying tax or who pay very little tax — these directed "boutique" tax measures, as they are sometimes referred to, are of no help to that particular segment of society. If they were refundable, then everyone would get them, whether they pay tax or not, but these are all non-refundable. The government knows they will be getting money from these people, and they will give them a little amount back.

They are complicated to follow and to explain, but let us take one example, the firefighters. For the firefighters' non-refundable tax credit, they have to have worked a certain number of hours on a volunteer basis. It is a \$3,000 sum, but they do not get \$3,000. It sounds like they might. However, what they get, if they pay any taxes, is a reduction on the amount to which they must apply their tax, the lowest category being a 15 per cent rate. They get 15 per cent of \$3,000, and that is \$450, I believe they would get at a maximum, if they worked the requisite number of hours.

At first blush, if you were writing a campaign brochure, you would say \$3,000, and people would read it and say that the volunteer firefighters will get \$3,000. However, that is not what this tax measure provides. Virtually all of them are like that; they are 15 per cent of a certain amount.

There is 15 per cent of up to \$500 spent to enrol your child in some sort of an arts program, and that was to answer the argument that last year we had an initiative for athletics. The concept is good, if we are trying to encourage people to involve their children in athletics or the arts. As one of our witnesses said, if the basic, fundamental reason for this was to get younger people to be active and away from sitting at home playing whatever games they might be playing, then does that public policy still apply with respect to registering for an arts program?

• (1920)

In any event, it is 15 per cent of \$500, if up to \$500 is spent. It is not a lot, but there are some principles involved. One of the most important is to try to keep the income tax system simple, and all of these non-refundable tax credits go totally contrary to that. There is virtually no one who can do their own income tax these days. We have to hire experts to help us through the maze of the various new programs that apply. I am hopeful that this trend will be reversed.

Honourable senators, in addition to that program, my good friend Senator Gerstein has referred to the refundable amount for votes received by political parties, the quarterly per-year reimbursement.

This bill also deals with softwood lumber. You will remember the Canada-U.S. softwood lumber situation. Prime Minister Harper came back to Canada shortly after he was elected and said, "I have brought peace in our time. I have settled everything in softwood lumber." He said, "All I had to do was give away \$1 billion of Canadian money in order to settle it." We lost an arbitration on this particular matter and the tariffs were increased

on softwood lumber being shipped from Canada to the United States. The provision to increase the tariff is in this bill. There is no question that this will hurt the industry, but that is exactly what the American lumber industry wanted to do.

One of my colleagues may talk later about the provision with respect to Employment Insurance and reimbursement. Again, it is complicated. Small employers who did not pay more than \$10,000 as their portion of Employment Insurance for all of their employees can get back up to \$1,000 if they pay more this year. However, we have to keep in mind that this year employers were required to pay 7 cents more per \$100 in employment insurance premiums and employees' contributions have gone up by 5 cents per \$100, with a promise that that will be doubled next year. It will be 14 cents and 10 cents at the beginning of next year.

Those are some of the issues that come out of this bill, honourable senators. As I indicated, it has 22 parts. Some of the initiatives are good. The provision to transfer up to \$2 billion of gas taxes to municipalities is now permanent. That initiative has been going on for several years, but always on a short-term two- or three-year basis. It is good that that has been made permanent.

There is a provision that if parents are separated or a child is a ward of the state, the provincial government department can claim some of the allowances that would normally, under the rules, only go to an individual. It makes sense that if parents are separated and sharing custody, child allowance and the benefits of other programs can be shared.

Those types of items are good initiatives that reflect realities, and we applaud them. Many of them were not referred to in the budget. When we asked the department officials where they came from, we heard that some are things they have been looking forward to getting cleaned up. There may have been a court case that had caused some problems, so they wanted it rectified quickly and they included it in this bill.

I hope that in the future we can have a budget implementation bill and then another bill dealing with all the other matters included in these bills. We would deal with such a bill expeditiously, but we could study it as a non-budgetary matter. These matters are included in budget bills for a cynical reason. It is because they know that we will give the government its supply and budget bills. They throw a few other things in to get them passed quickly because they know will not hold these bills up. That is almost an affront to our role as parliamentarians.

Honourable senators, I am optimistic that, since there are fewer of those matters in this bill, perhaps in the future we will see fewer and fewer of those and that finally those two things will be divided.

That, honourable senators, concludes my remarks on Bill C-13, the budget implementation bill.

Hon. Grant Mitchell: Honourable senators, I rise in response to Senator Gerstein's remarks. It seems that every time he speaks I am provoked to do that. It does not reflect how I feel about him. I like him very much and respect him hugely. However, once

again he said something that caught my attention. He wanted to extol the virtues of how the government, I believe he said, is keeping the economy and jobs rolling. I immediately thought that you have to get them rolling before you can keep them rolling, unless, of course, you are considering the downhill role. There is all kinds of evidence that they are keeping them rolling downhill. One would think that that would not take a lot of effort, but they seem to work at it rigorously.

We have a record deficit in the history of the country of \$56 billion. That did not occur because of the stimulus package in particular, because not all the stimulus package occurred in that year. Not only that, but they began to create that deficit months before the actual recession occurred and even more months before they admitted that a recession was occurring.

During their tenure of keeping things rolling we have seen unemployment increase 25 per cent. Debt is on the way to a 40 per cent increase. I think the increase will be \$200 billion, as Senator Day outlined very effectively. It will be \$680 billion after receiving a debt that was considerably diminished over what the Liberals had originally received. They have increased spending in the first three years. This is the hard-nosed, right-wing, tough-management government that they tout themselves to be. It is really the kind of tax-and-spend Conservatives that we have grown to know. They have increased spending by 40 per cent. Headlines read "Massive increase in the public service."

I could go on, but I think the point has been made. It begs the rhetorical question that I have to ask over and over again because I never really get an answer: Why would anyone think, for a single moment, that Conservatives can run economies, balance budgets or manage deficits? Well, they can manage deficits. They simply cannot do it; all the evidence is to the contrary.

As I rise to speak on Bill C-13, I read that it is "An Act to implement certain provisions of the 2011 budget." I am still looking for a title for Bill C-29 that would properly describe what is going on here, but it says "An Act for granting to Her Majesty certain sums of money." We need to see a reflection in these titles of the Conservatives' deficit-creation program, because that is the legacy they are leaving — huge debts, huge deficits and very little evidence that they will ever correct them.

• (1930)

In fact, let me count the ways in which one can begin to conclude yet again that we will never dig our way out of this kind of deficit with a Conservative government, reminding you that the last time that a Conservative government balanced a budget was 1889. It will not happen any time soon with this Conservative government.

The first big issue is that this government launches and continues to launch itself, and the Canadian taxpayer, unfortunately, on what I call huge, inappropriate expenditure adventures. Let us talk about prisons and the crime agenda. We cannot get an actual figure from the Conservatives. Nowhere in this budget do we actually see any kind of realistic projection for what their crime agenda will cost. We have heard that the first bill they passed, the one that took away the two-for-one credit for people who were in absolutely deplorable conditions in remand

centres, will cost at least \$500 million. The Quebec government just released a report that said it would cost \$19 billion over the next 10 years. Other estimates have been somewhere between \$10 billion and \$15 billion. Not only that, but we are not getting value for money, and it is absolutely an indication that this government has not come to grips with what it has to do to reduce costs. Here would be a great area to actually work on reducing — not increasing, but reducing — the amount of money that we have to put into the crime agenda and to reducing crime, if we only did it right. It also indicates, since they cannot measure it and cannot project it and made no effort to do so, that really and truly they do not have the capability to manage. If you cannot come up with figures, you cannot manage it, and they cannot come up with a figure. People know that that will be \$10 billion, \$15 billion, maybe \$19 billion over the next number of years that certainly will not help this government reduce its deficit.

Then there are the F-35 jets. This is another classic case. The government is going down this path, making huge commitments, when they do not even know what the cost of those jets will be. In my more optimistic moments, I think they are just going to play the political game, which they always do, and they will let the jet idea be killed by a variety of other countries, and then come some December 24, they will make an announcement that they, too, are pulling out of the F-35 acquisition. Even if they are thinking about it at this time, we simply do not have the money to launch ourselves on this kind of expenditure, particularly since we do not know the absolute magnitude of this second huge expenditure adventure, which underlines a lack of responsibility and appreciation of what it takes to run a balanced budget in a government of this nature.

Look at interest rates. Nowhere can you find in this documentation any kind of reasonable estimation of what will happen to interest rates. The government makes the assumption that somehow they will remain low well into the distant future, perhaps even I guess past the date when they think they will balance the budget, but at least that long. However, there is no guarantee that interest rates will stay at the current level after the one year that Mr. Carney has made the commitment to keep them low. For every single per cent that those interest rates rise, we will see, in a year or so, about a \$6 billion or \$7 billion increase in the amount of interest that will be coming out of our general revenue to cover interest costs on the debt. There is no estimation in this budget of what that increase interest cost will be. There is no management of that. There is no projection of that. If you were running a business, would you not want to make some sort of assessment of how interest costs might go up in the future? How could you possibly run a business in any other way that would be successful? This government certainly is doing that, with no particular estimation.

As an aside that is very disconcerting, right now we have a chance to begin to push money out 25 or 30 years at very low interest rates. As well, we should be watching very carefully what our term of maturity is just so we do not have too much coming due at any given point. If we push it out longer, if we can push out the term of maturity on average longer, we will reduce the interest costs for government over a long period of time. I have just looked at the data on the various websites and, in fact, the term of maturity of the debt that this government is incurring is going

down. It is not being pushed out longer at lower rates. It is going down to encounter sooner higher rates. There is no sense of how to manage this government effectively. The third big expenditure adventure is this whole question of interest cost, and there is not very much evidence that they have a grasp of that.

Maybe it is symbolic, maybe it is not in the whole history of expenditures of government all that big, but it is very telling that this government is allowing the next expenditure that I want to talk about to fester the way it has. They have 1500 people in communications. At a time when it is clear and the Access to Information Officer has said it has never been more difficult to get information from government, they have more people than we can imagine trying to communicate what one would have expected to be information. Let us imagine if they reduced that 1,500 to 500 people. How many departments are there, 40? That would be 12 or 15 people doing communications for every department, and you can also throw in a few parliamentary secretaries. That would still be 15 people writing communications that have to be channelled, of course, through the Prime Minister's office. They do not really need anyone in any department, since they can just do it through the Prime Minister's office. Maybe we could do it with 300 people in the Prime Minister's office.

If we just reduced the number to 500, we would have 1,000 fewer people. What do you think we pay those 1,000 people each on average? They must have university educations, probably, because they write. They probably have some experience, because they have to be relatively well versed in communications and writing and understanding policy. If you had 1,000 people at \$60,000 a year, even, that would be a \$60 million a year savings. That is before you even factor in their support staff and their benefits and the people who have to manage these people. We are talking in the order of \$100 million. You could save that in 15 seconds, and it would not do any damage, except to your political spin machine — not “you” because I know you cannot do anything about it, because the Prime Minister has all the power.

That begs another question. Your government spins and spins and spins — it is your team; your regime — to a point where you begin to mistake actual results, actual management, actual getting things done, with just convincing people that you achieve results, or convincing people that you are managing, or convincing people you got things done. That is the precipice over which you have fallen over the last number of months. It is propaganda. You have 1,500 people doing what? You could drop 1,000 of them and save \$60 million, and that \$60 million could be used for a lot of other things, like paying down some debt, for example, which might be a first choice, or maybe doing something on climate change.

What really disturbs me is that there is a series of indicators of a government that does not really know how to manage, I would say, or does not focus on management. Mr. Clement had a great track record of being part of a government that left a \$5 billion deficit, and then he is embroiled in the misappropriation of \$50 million. That is not quite as much as the \$60 million you are paying on communicators you do not need. What happened to him? He was not fired. He was not pushed aside. He was promoted to the single portfolio responsible for cutting costs. Can you imagine Eaton's doing that in the old days, taking someone who was an abject

failure in every portfolio and promoting them to running the company? I will not go there, because maybe that is what they did. Can you imagine any successful business today taking someone who has a track record of practically bankrupting with the \$5 billion deficit that they left, and then squandering \$50 million, and then getting promoted to run the very departments that has to reduce costs? It is breathtaking. The gall of it is breathtaking. It also underlines a lack of management perspective. It certainly is not common sense. I do not know what happened to the common sense revolution. It turned around.

• (1940)

Honourable senators, this is the one I really found interesting. The Auditor General said that the stimulus program, \$47 billion, failed to make any assessment of the number of jobs that might be created or the number of jobs that were created. Can you imagine that? The program was created to create jobs, but that is not what the Prime Minister wanted to measure. What the Prime Minister wanted to measure was signs. The Prime Minister got a special report on the number of signs announcing his job-creation strategy. That cost \$100 million. As if the Prime Minister of this country had enough time to read that report — I hope not every day — about how many signs they are putting up. However, he did not get a report on how many jobs were being created.

It is breathtaking. It is beyond comprehension that you could spend \$47 billion on a single objective, namely creating jobs, and not know how many jobs are being created. However, you could count the signs. You could spend \$100 million to put up signs and get a special report on the Prime Minister's desk about counting the signs. Who was worried about Libya, Afghanistan and balancing the budget while the Prime Minister was worried about signs?

Let us talk about management. Focus. It is not there.

We saw the whole question of the War of 1812: \$30 million. As if we do not have enough current wars to embrace and consider, we have to resurrect a war that is 200 years old. It does not mean much in the West, and we have to spend \$30 million on it. We will not spend any money on Canada, on Edmonton being part of —

The Hon. the Speaker: I advise the honourable senator that his 15 minutes has expired.

Some Hon. Senators: Bravo!

An Hon. Senator: More!

An Hon. Senator: Another five minutes.

Senator Mitchell: I am going to get up and speak on the next bill, too. Thank you very much for five more minutes, honourable senators. I appreciate working with my colleagues.

Did I mention the \$30 million on 1812? Absolutely incomprehensible. We have to conjure up that.

An Hon. Senator: Did we win that war?

Senator Mitchell: Did we win that? Yes, we did. In fact, we won the war and now we are telling our best friends, the Americans, that we beat them and that we burned down the White House. Are we really going to mention that we burned down the White House? That will be great for relationships with our best trading partner; \$30 million for that.

There is then the question of the structural deficit. If you are going to solve a problem, you have to admit that the problem exists. You have to focus on it. If you are going to rally the kinds of resources and expertise that you have in the government to fix a problem, you have to tell them what it is and you have to lead them to fix it. There is no discussion by this finance minister or by the Prime Minister of the structural deficit.

There is a clear indication that there is a structural deficit. You do not have enough revenues and you have too many expenses — I have mentioned some of those — and they are increasing. I go through this and see over and over again indications of a government that truly does not have a grasp on managing a corporation the size of this one, the Government of Canada.

As sure as we are standing here, you will see no balanced budget by 2017, if there is still a Conservative government — God help us. There will not be a balanced budget until the Conservative government is defeated. That, of course, cannot happen any time too soon.

We have been talking mostly about the expenditure side, but the revenue side is what they have done to manage the economy, which is not very much. I notice, for example, that a very key element of what we need to do for promoting our economy is to ensure we can diversify some of our products. If we are going to do that, we must have a reputation in the world. You know what, though? This government is squandering our reputation.

Durban was an embarrassment. I do not know that I have ever been as embarrassed for a government of this country as I was for this government in Durban. It is unbelievable that we would project the image that we did in that place with Third World countries and with OECD countries. It is critical that we have a positive, strong reputation. There is a huge reputational risk in the way that this government is conducting our external affairs. If we do not have that reputation, we lose leverage in the world when we need it. We lose it when we want to help Israel; we lose it when we try to have a trade agreement with the Pacific Rim nations; and we lose it when we try to have a trade agreement with Europe. There are all kinds of costs with that, not just the costs of climate change and the impact that is having on us as a nation and as a world, but costs to us in our ability to conduct some form of economic enterprise around the world to promote trade based on a strong, positive reputation.

I could go on — I like to talk — and I probably will do so later tonight about how badly you have misunderstood the impact of climate change on our economy and what that will start to cost us in the future in government revenues, jobs and economic development.

I think ultimately — and I will talk about this more as we go along, too — the problem is how you create optimism in a society, in an economy, so that people feel like taking risks. This

government spends so much time making people afraid of things — afraid of Russia, afraid of crime, afraid of young offenders and, when they forgot about young offenders, they are afraid of old offenders — afraid all the time so that it squeezes the optimism out of the Canadian people. If you are not optimistic, you cannot have a strong economy. A strong economy is based on optimism and I think that is the underlying thread in the Conservative failure to manage economies: They scare everyone. They certainly scare me.

An Hon. Senator: Me, too!

Senator Mitchell: My point is that, somewhere, I wish they would be honest about it and call one of these acts “The Perfect Deficit Storm Act” or “The Deficit Creation Program Act” because, if they are good at anything, this government is outstandingly good at creating debts and deficits.

Senator Gerstein: Will the honourable senator take a question?

An Hon. Senator: Of course he will; he can talk more then.

Senator Gerstein: Is the honourable senator familiar with a famous Liberal who said: “The facts are the facts?”

Senator Munson: The proof is in the proof.

Senator Gerstein: I know the honourable senator has been travelling a lot recently. That is obvious from the pent-up frustration that he wanted to expose us to today.

The Hon. the Speaker: Honourable senators, Senator Mitchell’s time and the extension have expired.

Hon. Daniel Lang: Honourable senators, I would like to make a few comments in view of the speech just presented by our colleague from Alberta.

As a Canadian, I am proud of what this government has accomplished since it came to office. I come from a part of the world which is far away from this place here and it is the real world. I remember back in 2002, 2003 and 2004, when we did not have an economy and we had people leaving the territory.

Senator Campbell: No way.

Senator Lang: Yes, we did, and it was not a pretty picture. We had such an economy, honourable senators, that all I can say is that the word out on the street was, “When the last person leaves, turn out the lights.”

I look at what has happened over the last five years. When I take a look back and see where we started from and where we are today, I see a government that has been active; that has actually confronted the problems that Canadians face every day; and, over this period of time, when we went through one of the worst recessions in this country’s history, that has created 600,000 jobs in the last three years — not only 600,000 jobs, honourable senators, but, in good part, 600,000 good-paying jobs. It has helped to diversify this economy.

What I find difficult to accept from the honourable senator from Alberta — and I hope he listens to this — is that he talks about diversifying the economy, yet he stands in this place and speaks against the Gateway Project, allowing the oil from Fort McMurray oil sands to go to the West Coast to see if we can get another buyer for that commodity. He comes from Alberta, yet he stands in this place and stands with a party that voted against that pipeline going ahead, even before the environmental assessment was done. He and his party went out opposing that. How will one diversify their economy if they cannot get to market?

• (1950)

I want to say to the honourable senator opposite that I hope in the days and months to come he stands in this place and starts to support projects such as this so we can diversify our economy. It must be the concern of all Canadians, no matter their political persuasion.

Honourable senators, the reality is that our economic base is broadening, primarily because we are negotiating throughout the world for free trade agreements, whether it is down in the Caribbean, in the European Union or any other place in the world. The honourable senator on the other side does not speak about the fact that there are presently negotiations going on with 50 countries around the world to diversify our economy so we have more buyers for the products we develop and sell.

Honourable senators, there is another area that I think we should all draw our attention to and start to advocate for Canada instead of run it down. I want to say to the senator opposite that when one looks at where we are compared to the rest of the world or to the European Union and sees the magnitude of the problems they are facing, one cannot even fathom. Look at what is happening in places like Syria and then look to our neighbour, the United States of America. I can recall that my good friend here was ecstatic two years ago when President Obama was elected. He was overjoyed. I notice he does not mention his name any longer, and I do not know why. Is that because of what is happening in the United States?

I want to say to my good friend, when one looks at Canada and compares us to countries around the world, we can stand in our place and be proud. One of the things we can be very proud of is the fact that we have withdrawn from the Kyoto accord. I submit to the senator opposite that he read the fine print and what that particular agreement committed Canada to doing. If one wants to break a country quick, carry on with an accord of that magnitude and send the money where the United Nations can administer it, and one will see the final results.

I want to say to all honourable senators that the budget before us has created jobs. When I look at my province, Yukon, we are flying in workers. We are not exporting them now; we are importing them. We do not have enough houses for them. Saskatchewan has the same problem. Alberta has the same problem, not because of the views that the senator from Alberta has been espousing, but because of the policies of the Government of Canada.

Honourable senators, from my perspective this is a good budget, and I am looking for support from Senator Day and Senator Mitchell this coming spring when the budget is presented and we talk about the deficit.

Hon. Catherine S. Callbeck: Honourable senators, I wanted to add a couple of words on the finance bill, Bill C-13. There are a couple of areas that I want to speak briefly about. The first is the non-refundable tax credits.

My colleague Senator Day has mentioned a couple of those, including the Children's Arts Tax Credit and the Volunteer Firefighter Tax Credit. There is also the Family Caregiver Tax Credit, which has a value of \$2,000, 15 per cent of which is \$300. These credits come off of the federal tax that a person owes. Therefore, there is no question that it is a benefit to many people. However, it will not benefit the low-income family, the people who do not pay income tax.

In my province of Prince Edward Island, 106,000 Islanders file income tax returns every year, of which 30,000 do not pay any federal income tax. Therefore, these credits we are talking about are absolutely worthless to them.

As far as Canada is concerned, 25 million people file income tax every year. Of that 25 million, 10 million do not pay any income tax. Therefore, these credits will be of no benefit whatsoever to 40 per cent of people who pay income tax. They will benefit the high income and the medium income, but the people who need it the most cannot take advantage of them.

I believe that the government should not be excluding these low-income people. To make it fair, they should be providing cash refunds to people who do not pay taxes for that credit. As I said, in my opinion, that is the only fair way to go about it.

The other area I want to talk about briefly is the Hiring Credit for Small Business. There has been a lot of talk about this credit. The title seems good, just like those other tax credits I mentioned. However, when one really gets into the details, it is a different story. As I said with tax credits, they are absolutely worthless to people who do not pay income tax, which are the people who need it the most.

With this Hiring Credit for Small Business, one does not have to hire anybody to get the credit. I do not really know where the name comes from. It is for small businesses that pay less than \$10,000 in EI premiums throughout the year. Really, that does not even include half of the small businesses that pay into the EI fund. The bottom line is that EI premiums are going up this year and less than half of our small businesses will be able to take advantage of this credit.

I would have thought this government would have wanted to do something for small businesses because of the type of economy and the challenges they are facing. We have to remember it is small business that drives the economy and creates jobs. Here we have a Hiring Credit for Small Business. As I said, one does not have to hire to get the credit. However, less than 50 per cent of small businesses will get anything out of this. The EI premiums are going up, creating another challenge for small businesses that create jobs and drive the economy.

Those are two areas that I wanted to comment on briefly because I am extremely disappointed with these tax credits. For the people who deserve and need the money most, those tax credits are absolutely worthless to them. I thought the government would be interested in doing something substantial for the small businesses that drive our economy.

(On motion of Senator Tardif, debate adjourned.)

THE ESTIMATES, 2011-12

FIFTH REPORT OF NATIONAL FINANCE COMMITTEE ON STUDY OF SUPPLEMENTARY ESTIMATES (B) ADOPTED

The Senate proceeded to consideration of the fifth report of the Standing Senate Committee on National Finance (*Supplementary estimates (B), 2011-2012*), presented in the Senate on December 8, 2011.

Hon. Joseph A. Day moved the adoption of the report.

He said: Honourable senators, I will say a few words on this particular matter of the supplementary estimates and the report thereon. All honourable senators will have received the supplementary estimates and the Blue Book.

Honourable senators, this is Supplementary Estimates (B). Typically, in the last few years there have been three supplementary estimates.

• (2000)

The first one comes shortly after the budget appears in May or June, and it reflects some of the items in the budget that were not reflected in the Main Estimates. The Main Estimates are the major document that outlines the expenditures for the year that are non-statutory. That Main Estimates document is being prepared now for next year. You can understand that a lot of the initiatives of the government that appear in the budget are not in the Main Estimates. That is why there is the need for the supplementary estimates, and other items that come up that can be costed during the year will be reflected in Supplementary Estimates (A), (B), et cetera.

Honourable senators will know that this supplementary estimate is closely tied to a supply bill. We call it the "appropriation bill," and we will be dealing with that next. They are closely related, but they are not as closely related as in the House of Commons. That has been an issue that has been debated on a number of occasions. One is that the supply bill provides some explanation of some of the terms, and, in fact, the schedule of the supply bill appears in the Supplementary Estimates (B).

I spoke at second reading with respect to the supply bill, which is Bill C-29. I spoke during the last sitting in this chamber in that regard. I will not again go over that issue that I outlined in that particular debate.

Let me say, honourable senators, that there was some disagreement among honourable senators with respect to this report, in particular, with respect to the opening paragraph, which is not particularly how I like to leave matters before the National Finance Committee. I usually look for and try to find consensus. However, we were not able to with this particular issue. I want to highlight it so honourable senators will understand the position that was taken by those who had voted for a particular wording that is not here. Fundamentally, there are a couple of other small changes, but nothing particularly. In my view, honourable senators, that wording reflects the relationship between the supplementary estimates and the supply bill. The additional sentence that does not appear in the report, but that some honourable senators wanted to see there is: "It is the Senate's practice to not refer the appropriation bill to committee, having received the report of the committee on its study of the Supplementary Estimates (B)."

Once we receive the report, and that is the report we are looking at now, it is not the practice in this chamber to send the supply bill to committee for study. That is one of the very few times that this committee does not follow the usual practice. There is a group that has studied it in more detail and is therefore able to inform the Senate as a whole of what is in the particular bill. We do not do that with supply bills because we have a trade-off. We receive the supplementary estimates earlier on, before the supply bill arrives.

It is the practice in the House of Commons not to send the supply bills to us until the end of their supply period, which is very close to when we adjourn. It is important to understand that it is like a pre-study. When study the estimates, and therefore we are not held up here for two or three weeks after the house goes home, studying a supply bill. It is a trade-off, and it is that trade-off that we wanted to reflect in the wording. It is not there, but, in my view, it still is a trade-off that we will continue. If we did not, for whatever reason, send the estimates to the committee and have the committee report informing honourable senators about what is in the estimates, we would not have any idea what is in the supply bill when it comes. It would be necessary for us to somehow study that supply bill — Committee of the Whole, send it to committee, do something — so we can do the job expected of us to study the bill to understand what is in the bill before we vote on it.

This is the report. Let me briefly refer to some of the points that are in the report. I do commend it to your bedtime reading. I think you will find a number of interesting points are raised on this particular bill.

We had three meetings, honourable senators. Treasury Board is always the first witnesses to appear because Treasury Board is the government department that determines this particular document. They get information from all the government departments, and it is reflected in the blue book, Supplementary Estimates (B), for the year. It is reflected in (A), (B), (C) and the Main Estimates. That is Treasury Board Secretariat, and we are indebted to Treasury Board Secretariat for the leadership and the help they have given us over the years. Various people have been in that position. It is one department of government where one can get a very good overview of all of the activity going on within the government.

We also heard from the Department of Natural Resources, particularly with respect to AECL, Atomic Energy of Canada Limited restructuring. We heard from Human Resources and Skills Development and Canadian International Development Agency.

Honourable senators, those were just a few of the departments we selected because they had asked for a significant amount of funds in supplementary estimates, and we wanted to know why they did not ask for that initially in the Main Estimates and why they needed that much money. Those are the kinds of questions we asked of them.

In the supplementary estimates, voted appropriations amount to \$4.3 billion. You will be asked to vote on the appropriations act. You are asked to approve \$4.3 billion more, which will bring government spending close to \$267 billion for the year. There are statutory appropriations as well that are referred to in the supplementary estimates, but they are in there just so we can get a full picture of what is happening. You have already approved the statutory expenditures, so they are there for information purposes only. The voted appropriations are the ones that we focus on the most because they are to help us determine whether or not we should be voting on those items. That is \$4.3 billion, \$2.3 billion statutory, a total of \$6.6 billion of expenditure in this particular Supplementary Estimates (B).

Let me tell you a little bit in relation to the voted appropriations. Public Works and Government Services have been asking for \$39 million for the cost of additional office accommodation. One of the honourable senators said: Why would you need another \$39 million for more office when you already have quite a bit of office space surplus?

They pointed out an interesting point that many of us were not aware of — some of you may be — that the office funding budget for Public Works is a formula-driven amount, and it is based on 13 per cent of salary costs. Every time there is an increase in salary costs by virtue of new employees being hired or by an increase in the annual salary of existing employees, 13 per cent more goes into the office budget of Public Works. If it does not cover buying new offices, it will cover fixing up offices. That is an interesting formula that we had not seen in the past, and we are glad that we brought Public Works in to talk about that matter because we can monitor it in the future.

• (2010)

Keep in mind that every time public employees receive a salary increase, in addition to all the costs for pensions, Employment Insurance and health insurance, there is also a cost of 13 per cent for offices.

A part of Atomic Energy of Canada was sold this fall. There are two aspects to Atomic Energy of Canada Limited, and that is another point that comes out of looking at both voted and statutory appropriations. Voted appropriations are the ones we have to give approval for now. Statutory appropriations come out of something we have approved in the past. AECL is requesting both in these supplementary estimates. They need funds to

continue the operations that are to stay within the government, such as research, et cetera, and they also need funds to close the deal that was made.

They are asking for \$200 million to meet operational requirements and the cost of ongoing programs. This is the part of AECL that is continuing. It has asked for \$75 million for costs associated with workforce transition, which would be part of the sale. Five hundred people lost their jobs as a result of the sale of AECL. Some were picked up by the buyer, but not all, so the government needed up to \$75 million for termination allowances and transition funding. In addition to the 500 employees who lost their jobs, some retired.

The Department of Natural Resources has made a \$4 million consultation commitment for the Foothills Pipeline Project. They need \$1.7 million to continue to conduct consultations in relation to the building of the pipeline. This pipeline was approved some time ago, but they are still in consultations with various Aboriginal groups. This is not compensation for the Aboriginal groups whose land is interfered with; this is fees for people working on a deal with the Aboriginal groups. They need \$1.7 million to continue that consultation, and a total of \$4 million has been committed.

Natural Resources has also asked for \$304,000 for assessment, management and remediation of federal contaminated sites. This is something that would normally be in the Main Estimates. Because they asked for that amount in supplementary estimates we were able to have them appear before our committee, and we learned quite a bit. There are 2,200 sites that have been identified as contaminated that are the responsibility of the federal government, and the estimated liability is \$4.4 billion in 2011 for the government to clean up a certain number of those contaminated sites. That figure went up from \$3.5 billion last year. In addition, the government estimates that it will cost at least another \$1 billion to clean up unidentified sites around the country contaminated by past government activity.

Federal Contaminated Sites falls under Public Works, the Department of Natural Resources and a number of other departments. There is also \$3 billion for the Nuclear Legacy Liabilities Program for nuclear contaminated sites. The cost to clean up identified contaminated sites is getting close to \$10 billion.

The Department of Human Resources and Skills Development is looking for \$9.5 million for government advertising. If I am able, I will refer senators to a horizontal item that lists all the money that the 17 government departments need for advertising.

The Hon. the Speaker: I am sorry to interrupt the Honourable Senator Day. The time limit for speaking to the presentation of reports is 15 minutes. The first senator speaking on a bill has 45 minutes.

Is Senator Day asking for another five minutes?

Senator Day: I wonder if I might have five minutes. Thank you.

Honourable senators, I thought I could get my 45-minute speech into the 15 minutes allotted.

I will go over some of the highlights that honourable senators elicited through questioning. Thirteen per cent of Canada student loans are in default, and the government is looking for a significant amount to write that off. If nothing has happened after six years, the government will write those loans off. That is a significant number, in my view.

The Canadian International Development Agency is looking for funds. They are transferring a lot of their money from contributions to grants. As grants, the agencies will have more control so that the Canadian International Development Agency will have less to do.

We also got into the issue of the \$400 million commitment to Haiti for hurricane damage. That still has not been disbursed, but we are assured that it will be done by the end of this year. We will be watching that and asking for information on that in due course.

There are just two or three other items that I think are important for honourable senators to be aware of. We followed vote 5, which is Treasury Board giving funds to departments that are asking for emergency amounts. Parliament does not approve that in advance, but it is anticipated that Parliament will approve it after the fact. They are, in effect, asking for forgiveness, saying that they gave the departments the money.

Vote 5s appears at page 197. Advertising appears at page 207, and there are a significant number of departments involved.

We asked to have horizontal items, because there are so many different departments involved in different activities. Horizontal items appear in supplementary estimates as a result of our Finance Committee requesting them. We can now just look to the horizontal item and see all the departments that are involved. The total amount being asked for in these supplementary estimates is \$40 million for advertising by Canada Revenue Agency, Canadian Heritage, et cetera. You can see all of that at page 207.

• (2020)

Those are certain of the items. There is also a \$1.1 million request to continue to keep the Public Appointments Commissioner's office going. Honourable senators will know I have asked questions on that. That was an initiative that started with Bill C-2, which Senator Oliver and I had so much fun with several years ago, and the Accountability Act. The Public Appointments Commissioner was created under that act, but has never been acted on. We continue to spend a significant amount of money, \$1.1 million in these supplementary estimates, to keep that department going without a commissioner ever having been appointed.

Honourable senators, those are my submissions with respect to this particular report, and \$6.6 billion of both statutory and non-statutory voting amounts appear in these particular supplementary estimates. I urge your support of the report so we can go on to Bill C-29, the supply bill that follows from it.

Hon. Irving Gerstein: Honourable senators, I rise today to speak on the fifth report of the Standing Senate Committee on National Finance, which deals with Supplementary Estimates (B) for the fiscal year ending March 31, 2012.

Let me begin by thanking the Honourable Senator Day for his distinguished leadership in chairing our committee. The study of these estimates was not only efficient, but effective.

Honourable senators, the supply process this year was unusual from those of past years by virtue of the federal election on May 2. At the time of dissolution, Parliament was already studying Main Estimates for the 2011-12 fiscal year, as well as Supplementary Estimates (C) for the 2010-11 fiscal year. Upon the opening of the current Parliament, the government acted quickly by tabling new Main Estimates and Supplementary Estimates (A) for the fiscal year ending March 2012. In light of this variation in the supply cycle, some of the items included in Supplementary Estimates (B), which are before us today, were also found in previous estimates already examined by the committee.

One example is the write-down of student loans. In March of this year, as part of its hearings on Supplementary Estimates (C), the committee learned that Human Resources and Skills Development Canada had requested \$149 million to write off roughly 60,000 student loans. Exactly the same amount was once again requested in these estimates. Officials testified that the amount is the same because the previous request was never fulfilled as a result of the corresponding supply bill not being adopted ahead of dissolution.

Of course, not all of the estimates included in Supplementary Estimates (B) are past spending initiatives or payments. New items include a transfer of \$1.6 billion from the Canada Account to the Consolidated Revenue Fund as a result of an early loan repayment by Chrysler Canada; \$952 million in additional fiscal equalization payments to certain provinces stemming from commitments made in Bill C-3, the first budget implementation act of Budget 2011; and \$386 million in additional grants to support the popular ecoENERGY Retrofit - Homes program.

Supplementary Estimates (B) preview an overall \$4.3 billion in voted appropriations and another \$2.3 billion in statutory expenditures. The \$4.3 billion will be approved by the Senate when it gives third and final reading to the corresponding appropriation act, while the remaining \$2.3 billion is for the information of senators because, as statutory spending, the authorization to spend that money has already been granted to government through various pieces of enabling legislation.

Honourable senators, the estimate documents not only forecast government spending and anticipated appropriations, but they are also a manner in which the Crown informs Parliament of changes in the mechanics of government. One such piece of information contained in Supplementary Estimates (B) is the designation of the Minister of Foreign Affairs as minister responsible for the National Capital Commission. Making the Honourable John Baird, P.C., M.P., responsible for that agency is most appropriate because, in addition to being minister, he is also the member for the riding of Ottawa West—Nepean.

Before concluding, I would like to return to my opening remarks in which I thanked our colleague the Honourable Joe Day. At the last sitting of the Senate, on Thursday, December 8, I spoke on second reading of appropriation Bill No. 3, 2011-12. In his response, Senator Day stated:

Honourable senators, I thank the Honourable Senator Gerstein for his summary of Bill C-29, the third supply bill for this fiscal year. In large part, I concur with his comments and description of what appears in the bill.

That is a very important statement by our chair — very brief and to the point. However, I submit, honourable senators, that, in my view, what he said in the remainder of his speech is of equal importance. For the balance of his speech, some three and a half pages in Hansard, Senator Day talked about process and his view of the possible linkage between the reporting of estimates and voting of supply bills. Honourable senators, his remarks were well researched and extremely well thought out.

I also want to thank the Honourable Senator Comeau for his rising on a point of order to ask the Speaker to give us clarification in the form of a ruling on this whole issue of tying the estimates report to supply.

How this turns out with regard to the Speaker's ruling is not at issue today. What I want to draw to your attention is how Senator Day illustrated his great respect and commitment to seeking out information regarding the procedures of this place and presenting them in a reasoned and well-articulated manner. Honourable senators, for that alone, I want to express my thanks to him.

The Hon. the Speaker: Are honourable senators ready for the question?

Hon. Senators: Question.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

(Motion agreed to and report adopted.)

APPROPRIATION BILL NO. 3, 2011-12

THIRD READING

Hon. Irving Gerstein moved third reading of Bill C-29, An Act for granting to Her Majesty certain sums of money for the federal public administration for the financial year ending March 31, 2012.

Hon. Joseph A. Day: Honourable senators, I can be brief on this because we have already studied the Supplementary Estimates (B), which forms the basis for this particular document.

What I typically do, honourable senators, to check the supplementary estimates, is look at the schedule that says this is the schedule that will appear in the supply bill that comes in due course. We have had a chance to deal with it, and we have just

adopted the report. I have looked at the schedule, and the schedule is identical to the schedule that appears in this particular bill, honourable senators.

There are two items that I wanted to bring to your attention. You are voting for \$4.3 billion, as I mentioned in the report earlier. The act is a *pro forma* short act of some seven clauses, and they are almost identical clauses that appear in each of the supply bills. We can do that again because we have already seen the estimates on which this is based.

There are two schedules, and one schedule is the majority of the \$4.3 billion. That is for one year. It must be spent within the one year, subject to some carry-forwards.

The second schedule allows certain departments to have two years to spend their funds. Those departments, for your information, are Canada Revenue Agency, Environment Canada and Parks Canada Agency. They have two years to spend the money that you are authorizing, or you may feel so inclined to authorize.

Finally, there is a deeming provision here that once you adopt this — these deeming provisions are typical in the House of Commons, — this is deemed to have been adopted April 1. It goes back. If any money happens to have been spent beforehand, it is covered by this deeming provision.

• (2030)

Honourable senators, I would join with my honourable colleague in thanking you for following these particular supply matters and wishing you all a very good holiday season.

The Hon. the Speaker: Are honourable senators ready for the question?

Hon. Senators: Question.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

(Motion agreed to and bill read third time and passed.)

STUDY ON FEDERAL GOVERNMENT'S RESPONSIBILITIES TO FIRST NATIONS, INUIT AND METIS PEOPLES

THIRD REPORT OF ABORIGINAL PEOPLES COMMITTEE AND REQUEST FOR GOVERNMENT RESPONSE—DEBATE ADJOURNED

The Senate proceeded to consideration of the third report (interim) of the Standing Senate Committee on Aboriginal Peoples entitled: *Reforming First Nations Education: From Crisis to Hope*, tabled in the Senate on December 7, 2011.

Hon. Gerry St. Germain moved:

That the third report of the Standing Senate Committee on Aboriginal Peoples, entitled *Reforming First Nations Education: From Crisis to Hope*, tabled in the Senate on

December 7, 2011, be adopted and that, pursuant to Rule 131(2), the Senate request a complete and detailed response from the government, with the Minister of Aboriginal Affairs and Northern Development Canada being identified as Minister responsible for responding to the report.

He said: Honourable senators, for thousands of years, the indigenous peoples of Canada were the stewards and guardians of the lands and waters of Canada. These culturally diverse peoples co-existed and organized social structures based on the world around them. Their natural environment was their place of learning and sustenance. Their clans and societies grew to great numbers; they valued wisdom and the skills of their elders. Through this, they were successful providers and contributors to their families and communities.

Why, then, is the situation of indigenous people so different today? Why do vast numbers of Aboriginal people live impoverished lives, suffer poor health and submit to despair, their dreams and aspirations unattainable?

A look back at situations that arose in response to the arrival of the newcomers might hold some answers. The newcomers brought disease that devastated Aboriginal communities. More importantly, they brought to the New World their beliefs and laws governing societal organization. The newcomers' world view triggered the destruction of Aboriginal economies and governance structures. Covenants of partnership in the form of treaties were signed; promises were made by the First Nations and the Crown for mutual benefit. In exchange for agreed-upon lands for the newcomers to settle, the Crown would promise to protect the well-being of Aboriginal peoples.

First Nations honoured their part of these treaties, but unfortunately, my friends, the same cannot be said of the Crown. Armed with the best of intentions, the Crown first broke up the Aboriginal nations and effectively "detribalized" their inhabitants. Immediately following "detribalization," Aboriginal peoples were relegated to live on reserves too small to sustain their way of life, essentially becoming "ghettoized."

Next came an attempt at assimilation through residential schools, where the children were taken from their homes, stripped of their language, culture and spirituality and, in far too many cases, totally "brutalized."

Not yet satisfied with the "progress" made in Aboriginal relations by the "paternalistic" Department of Indian Affairs, Aboriginals were then "welfarized" to further break their spirit, squelch their identity and rob them of their independence and dignity.

Honourable senators, government after government continued this vicious cycle, destroying the spirit, heart and soul of the First Nations. Today, we face the end result of this horrific dilemma. However, in spite of the weight of our history, there is a light at the end of the tunnel. There is a place called hope.

Honourable senators, the committee began this work aimed with the knowledge that all our previous studies, whether they concerned economic development, governance or specific claims, always pointed to insufficient educational attainment rates of Aboriginal citizens.

Following several months of inquiry, we are now firmly convinced that a complete restructuring of First Nations education is necessary to address this educational deficit. The current patchwork system of individually operated and funded First Nations schools on reserve has failed First Nations students. Attempts at isolated solutions and funding without an integrated strategy simply will not work.

The report tabled the other day deals with two main recommendations: one, an enabling and optional legislative approach to serve as the vehicle to deliver educational services; and, two, a statutory formula to fuel the vehicle once it is properly designed.

This, honourable senators, is a focused form of recommendation. It does not carry 1,000 pages; it is just two main recommendations. There are four in all; the other two are supportive.

Honourable senators, the cost of not meeting this challenge in unfulfilled potential alone is too high, both for First Nations and for Canada. This is a Canadian issue, not an Aboriginal issue. As such, we — all Canadians — must shoulder the responsibility. This is a turning point in Canada's evolution. We must act decisively and immediately as a nation — Canada.

I want to thank the senators who worked on this particular report. There are several of them here. Both sides contributed equally. I think the work that was done cannot be ignored. Hopefully, it will provide the results that we all desire.

Honourable senators, as I said, we must succeed.

(On motion of Senator Tardif, debate adjourned.)

• (2040)

FISHERIES AND OCEANS

MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTINGS OF THE SENATE—ORDER STANDS

On Motion No. 55, by the Honourable Senator Manning:

That the Standing Senate Committee on Fisheries and Oceans have the power to sit at 5 p.m. on Tuesday, December 6, 2011 and at 5 p.m. on Tuesday, December 13, 2011, even though the Senate may then be sitting, and that Rule 95(4) be suspended in relation thereto.

Hon. Fabian Manning: Honourable senators, with leave of the Senate, I ask permission to amend the motion to remove the reference of the committee meeting of December 6, and I move the amended motion that reads as follows:

That the Standing Senate Committee on Fisheries and Oceans have the power to sit at 5 p.m. on Tuesday, December 13, 2011, even though the Senate may then be sitting, and that Rule 95(4) be suspended in relation thereto.

Hon. Claudette Tardif (Deputy Leader of the Opposition): Could I ask the honourable senator to give an explanation for this request? It would be most appreciated.

Senator Manning: We have witnesses coming in tomorrow, a number of whom are from out of town. We put forward a motion last week that included the date of last Tuesday, which is our normal sitting time, but when the Senate did not sit last Tuesday, we went ahead with our meeting as planned. This Tuesday, we need permission to sit while the Senate is still sitting.

Senator Tardif: Could we ask specifically for the names of the witnesses, please?

Senator Manning: I am not sure of the names off the top of my head. I will have to get that for the honourable senator. I will have to talk to the clerk. I am not sure who the witnesses are for tomorrow.

Senator Tardif: Perhaps if the honourable senator could come forward with the information tomorrow, we could consider the request once again.

Senator Manning: I will do so.

(Order stands.)

(The Senate adjourned until tomorrow at 2 p.m.)

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